

Minutes of Canada-U.S. Consultative Committee on Agriculture
November 17, 2006
Washington, D.C

1. CCA business

a) Introductions

The U.S. co-chairs welcomed the Canadian delegation and other participants to the meeting and introduced the new U.S. CCA co-chairs. In return, the Canadian co-chairs thanked their U.S. counterparts for hosting the meeting and for their hospitality. In his opening remarks, the Administrator of the Foreign Agricultural Service (FAS) reiterated the importance of the two countries' trading relationship as well as the coordinating and problem-solving role played by the CCA in the agricultural relationship between the two countries. On the FAS reorganization, the Administrator noted that since FAS was established in 1953, many events have changed the work of the agency, but there has been no comprehensive reorganization. He indicated that current agricultural trade issues, such as BSE, Avian Influenza, and biotechnology require scientific expertise on a regular basis and FAS must work closely with many agencies - within and outside USDA - to address these complex issues. He reassured participants that the reorganized FAS is well positioned to work on issues of interest to U.S. domestic and international agricultural interests.

List of participants (Annex 1) and Agenda (Annex 2) are attached.

b) Provinces - States Advisory Group's (PSAG) issues review

In her handing over remarks, the outgoing USDA CCA co-chair noted that during the CCA co-chairs' August 2006 report to the P-SAG, the Group was very appreciative of the issues that have been resolved or are being worked on by the CCA. She also highlighted CCA achievements since its inception in 1999 and thanked participants for their support. Both countries expressed their appreciation to the outgoing co-chair and wished her well in her new assignment.

2. Livestock/meat issues

a) Canada's proposed ban on the use of carbadox in swine production

The United States thanked Canada for its cooperation on this issue and reiterated concerns about Health Canada's proposed regulations and their potential to disrupt U.S. pork exports to Canada. The United States questioned the need for the change in regulatory language, and stated its view that the associated risks do not warrant such a measure. In response, Canada noted that many other countries have taken similar measures on carbadox and that Canada is mainly concerned with the residue desoxycarbadox, which is a genotoxic carcinogen. Canada noted that officials from

Health Canada's Veterinary Drug Directorate meet regularly with representatives of the Food and Drug Administration's Centre for Veterinary Medicine (FDA CVM), and that the CVM understands Canada's position. Canada stated that it is seeking the development of a residue testing protocol that would assure Canada that imported pork is free of desoxy carbadox residues. Canada noted that CFIA has requested that FSIS develop a sampling protocol to include testing methodology for desoxy carbadox. In the meantime, Health Canada will continue to work on a regulatory proposal. Both countries agreed to continue with on-going discussions, and indicated that U.S. and Canadian experts will meet in the near future to discuss solutions that will be acceptable to both countries.

b) Listeria testing in the United States

Canada noted that concerns had been raised by industry on both sides of the border regarding equivalency of listeria testing for ready-to-eat (RTE) meat and poultry products in both countries. The U.S. Food Safety Inspection Agency (FSIS) responded that this issue was a regulatory one, with each country having different regulatory standards, which made harmonization difficult. FSIS also pointed out that their regulatory standard is based on a risk assessment. Also noted was the fact that FSIS had previously been petitioned by the industry to change the standard, and declined to do so. This issue was discussed at previous equivalency review processes and that due to differing testing environments, both countries agreed to implement programs audited by the FSIS. The Canadian Food Inspection Agency (CFIA) said it is ready to resume discussions with FSIS to develop in-plant testing, and on FSIS' domestic sampling program. FSIS noted that its port of entry requirements, which are one measure used to verify equivalence, are applicable to all countries and if a change was made, it would have to be applicable to all countries. FSIS proposed that this issue should be discussed under the NAFTA Technical Working Group (TWG) on food safety. Canada concurred with the United States and said the resolution of this issue will be beneficial to the multinational corporations that operate on both sides of the border. Canada also noted that food safety outcome may be a better basis for equivalency discussions. The CCA co-chairs requested that this issue should be referred to the NAFTA TWG and requested an update on progress to be provided at the next CCA meeting.

c) BSE

i. Canadian access to the U.S. (U.S. rule-making process)

Canada said it is optimistic that the second rule will move forward quickly and requested an update. The United States noted that USDA Secretary Johanns recently commented that USDA is close to wrapping up the second "minimal risk" rule, and it was likely that the proposed rule would be published sometime within the next 60 to 90 days. Canada noted that this was positive news. In response to Canada's request for an update on the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF) case, the United States said it requested summary affirmation

from the 9th Circuit Court and that USDA will respond to R-CALF's brief. Given the importance of this issue, both countries agreed to continue discussions. Canada noted its disappointment that it did not receive prior notice when the rule was withdrawn in August 2006 and thanked the United States for its cooperation on this issue. Canada inquired as to USDA's plans for a third, more comprehensive BSE rule. The United States confirmed that USDA will be working towards a more comprehensive BSE rule.

ii. Canadian access to Mexico

Canada noted its concern that Mexico cannot import Canadian breeding cattle as a result of current United States requirements. Canada noted that industry is particularly concerned given that the United States has now regained access to Mexico for breeding cattle. The United States confirmed that if Mexico were to permit the import of Canadian breeding cattle, the United States would be required under its current regulations to change Mexico's BSE status. The United States noted Canada's concern regarding access to Mexico for Canadian breeder cattle and said this issue would be resolved by the previously mentioned BSE rule. According to the United States, APHIS and its Mexican counterpart worked out a protocol for heifers, and 64 head of dairy cattle have been shipped to Mexico. However, trade has not been substantial.

iii. Regulatory update on Canadian and U.S. feed bans

Canada said its feed ban regulations were published on July 12, 2006, with a one-year implementation period. (Please see item 2c(v) for additional information) Canada asked how FDA's feed ban regulations were proceeding. FDA will provide an update at a later date.

iv. Third country market access

The United States said it had regained market access for U.S. beef exports in 39 countries, which were previously closed as a result of the December 2003 BSE outbreak. Of the remaining bans on U.S. beef that have been imposed by foreign governments, Korea's ban on U.S. boneless beef and beef variety meats (\$365 million exported in 2003) represents one third of the remaining market access (\$1.0 billion). Canada distributed a list of trading partners who have agreed to resume trade in Canadian beef and cattle subsequent to the border closures following Canada's first BSE case in 2003. Canada noted that the three latest cases discovered in Canada did not result in new closures, but did slow down regaining access to certain markets, Korea and Taiwan for example. With respect to Taiwan, progress is slow. Korea is the notable exception in that Canada does not currently see a clear path forwards on regaining access. The United States inquired as to Canada's success in regaining access to China. Canada stated that it has a process underway, and is in the midst of exchanging information with China. Canada also noted that a CFIA delegation will

be visiting China the week of November 20th. Canada noted that the United States and Canada share similar objectives with many trading partners, including Japan.

v) Bilateral update on removal of specified risk material (SRM)

Canada noted that major changes will be implemented after July 12, 2007, that will prohibit the use of fertilizers and feed containing SRMs and that will introduce a permit system. According to Canada, the CFIA is modifying and developing new programs while industry continues to work on how best to implement the programs in a cost effective manner. In response to a U.S. question regarding the impact of the feed ban on exports of small intestines, Canada noted that it will follow the U.S. method of segregating distal ileum from small intestines. Canada indicated that a forward move on its regulation would advance U.S.-Canada harmonization efforts with Mexico, which could allow the export of small intestines to Mexico to resume.

d) Bilateral update on collaboration on livestock health issues, (swine pseudorabies and brucellosis and bluetongue restrictions for feeder/breeder sheep and goats).

The United States said it is pleased with the significant progress made by CFIA in removing mandatory bluetongue testing and asked when Canada's regulatory amendment will be published in the Canada Gazette, as well as when the Administrative Order will be announced. The United States also requested information on how Canada's import permit would work. Canada responded that the criteria and issuance of import permits requires only an administrative order, not a regulatory change. The United States said it hoped CFIA's sectoral initiative on pork under the Security and Prosperity Partnership and advances on the removal of mandatory testing for anaplasmosis will continue and asked if the consultation document on anaplasmosis will be out by year's end. The CFIA confirmed that its consultation document on anaplasmosis will be out by year's end.

Canada stated that, in light of recent progress in the U.S. pseudorabies and brucellosis eradication programs, the CFIA has agreed to review import requirements for slaughter swine. The CFIA has also agreed to review import requirements for feeder pigs from the United States, and will consider using the restricted feeder cattle program as a model to develop a comparable program for feeder swine. A draft risk assessment has recently been completed and will be reviewed by program staff. Once reviewed, the CFIA anticipates expanding the focus of the risk assessment to include feeder pigs and breeding swine. The CFIA's draft risk assessment found that information is lacking on: management of transitional herds in the United States, new U.S. surveillance plan for brucellosis and pseudorabies, and the list of states that represent the greatest risk with respect to these diseases. As a next step, CFIA will request additional information from APHIS on pseudorabies, brucellosis and trichinellosis.

e) Access for U.S. cattle into Western Canada (bluetongue and anaplasmosis restrictions)

Canada reported that, after consulting with stakeholders last spring on revisions to Canada's import policy, the CFIA announced in July 2006 the removal of bluetongue related restrictions for cattle, deer, sheep, goats and other ruminants imported from the United States, and the change of bluetongue from a reportable to an immediately notifiable disease. The implementation of this new import policy requires regulatory amendments that are expected to be finalized over the coming months

With respect to anaplasmosis, Canada stated that the CFIA is preparing for stakeholder consultation on a revised import policy for ruminants from the United States. A science-based discussion paper (same as for bluetongue) will be released for stakeholder comments in late 2006.

f) Proposed U.S. bovine tuberculosis (TB) rule

The United States thanked Canada for providing information on its TB program as requested at the May CCA meeting. Upon receipt of the information in July, APHIS conducted a site visit in August for the purpose of comparing and contrasting the bovine TB eradication programs of Canada and the United States. The APHIS review team is currently drafting a report of its findings and conclusions. The United States indicated that the proposed rule on this issue will follow the standard rulemaking process so that CFIA and other stakeholders will have an opportunity to comment. The United States also said that the rule is not eminent and promised to provide updates as the proposal nears completion. Canada said it considers this issue closed until the United States releases the proposed rule.

3. Plant Issues

a) Canadian ministerial exemptions/bulk produce restrictions

The United States said it is pleased both countries resumed formal negotiations in July 2006, and is hopeful that an agreement, which will benefit potato growers and processors from both countries, should be concluded by year's end. Canada concurred with the U.S. assessment that this issue may soon be resolved in spite of outstanding issues on language. Canada also said it is conducting final discussions with its industry and hopes that the resolution of this issue will serve as an example of cooperation between our two countries and industry. The CCA co-chairs commended the negotiators for progress made on this issue.

b) Update on potato cyst and golden nematode in the United States and Canada

The CCA co-chairs thanked APHIS and CFIA for their work in restoring bilateral trade in potatoes which was halted as a result of potato cyst nematode detections (*G.pallida* and *G.rostochiensis*) in Idaho and Quebec, respectively. APHIS informed Canada about the detection of additional potato cyst nematode in the 4500 ha

regulated zone in Idaho and said a letter on the finding was sent to CFIA on November 8. The United States thanked Canada for resolving issues regarding importation of strawberry plants from nurseries in Quebec. Canada said it will respond to APHIS' letter of November 8 and stated that a bilateral phytosanitary agreement was signed October 8th, 2006, between CFIA and USDA. This agreement established a framework for dealing with future discoveries of potato cyst nematodes in order to minimize disruptions of trade and to reestablish movement of products across both borders. According to Canada, work is on-going in the affected area in Quebec to prevent the spread of golden nematode to other parts of Canada and the United States. Both countries agreed to remove this issue from the CCA agenda and report it as a success story.

c) Seed tag

The United States said at their August 2006 presentation to the Provinces-States Advisory Group (P-SAG), the CCA co-chairs informed the Group that a resolution on the long-standing issue of seed tags for wheat, barley, rye and triticale was forthcoming. APHIS informed participants that CFIA has accepted its proposal to use certificates of origin in lieu of phytosanitary certificates and that this issue is now resolved. Canada is finalizing the policy on this issue and the program would be up and running by January 2007, which is before the next shipping season. Both countries agreed to take this issue off the CCA agenda and report it as a success story.

d) Seed certification grader accreditation

Canada noted that this issue has been on the agenda for quite some time and that like the seed tag issue, this issue may be resolved before the next CCA. The Agricultural Marketing Service proposed, and CFIA agreed, to establish a program in the United States as well as sending U.S. staff to Canada to learn about Canada's seed grading. According to the United States, Canada's proposed agreement for the accreditation of U.S. residents as graders will allow U.S. seeds labelled with Canada pedigreed names to be marketed in Canada. CFIA will develop a Memorandum of Understanding (MOU) that will recognize USDA's accreditation program by 2007 and would apply to shipments as early as spring 2007. Canada noted that a meeting of seed agencies from the two countries will be scheduled in the future to take stock and bring stakeholders up to speed on this issue prior to implementation. The United States thanked Canada for progress made on this issue and said it looked forward to its resolution. Both countries agreed to keep the issue on the CCA agenda until final resolution.

e) Bilateral update on harmonization of pesticides

Canada provided information on initiatives under the NAFTA Technical Working Group (NAFTA TWG) on pesticides. These initiatives include joint reviews, data harmonization, and the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and NAFTA pesticide labelling. It was reported that 76

registrations have occurred through joint review and work sharing processes among NAFTA countries. A pilot project is underway to harmonize the evaluation of antimicrobial pesticides under the North American Initiative (NAI). Canada also provided information on the implementation of the GHS and reported that significant progress has been made toward the development of a NAFTA label for agricultural products.

f) Proposed changes to Canada's maximum residue limits (MRLs)

Canada's proposal to revise MRLs for a number of products was published in June 2006 for a 90-day comment period. According to Canada, the proposed changes would revoke Canada's "general MRL limit" of 0.1 parts per million (ppm) for products for which no MRL has been established. In replacing the general limit of 0.1 ppm, Canada will make use of specific U.S. MRLs below 0.1 ppm, and will also consider Codex Alimentarius Commission standards. Canada noted that this proposal will lead to further harmonization between Canada and the United States. 28 comments were received on the proposal, including a supportive letter from the Environmental Protection Agency. Canada intends to publish a formal proposal for regulatory changes for comment by late winter, 2007.

g) Update on release of biotech rice in the United States and Canadian testing regime for imports of U.S. long grain rice

The Canadian Food Inspection Agency (CFIA) commented that U.S.-Canadian information exchange pertaining to the "LLRICE601 unintentional release" has been an asset. CFIA has completed its risk assessment on LLRICE601 and determined that at low levels, LLRICE601 is unlikely to pose food or livestock feed safety concerns. However, the presence of LLRICE601 is still a regulatory contravention because the product is unapproved in Canada. By Canadian law, any unapproved product that is released is considered a regulatory infraction. The CFIA has posted technical recommendations on their web site advising importers about how to demonstrate that they are in compliance with the Food and Drugs Act and Regulations and the Feeds Act and Regulations. It is recommended that shipments of single-ingredient long grain rice originating from the United States be accompanied by documentation indicating that the shipment has been tested for the presence of LLRICE601 using at least a level of sensitivity of 0.5 per cent.

The CFIA will also randomly test long grain rice shipments only (not to include long grain rice in multi-ingredient products). To date, all CFIA testing on U.S. long grain rice has been negative for the presence of LLRICE601. In the event of a positive test, the product would not be allowed to enter the Canadian food or livestock feed marketplace, and would be either re-exported to the United States or disposed of in an appropriate manner.

Canada suggested that trilateral policy discussions among the North American Biotech Initiative (NABI) countries could be useful on this issue. Canada also

indicated that a review of its compliance verification strategy would occur in approximately a two month time frame, and the CFIA guidance to industry may move from the 0.5% testing strip to PCR methods that can detect 0.1%, in the very near future. Canada is currently reviewing comments from rice importers and other sources about the implications of different testing methods and will take these into account when revising the recommendations to industry, which will be made available to U.S. regulatory officials and posted on the CFIA website. The United States informed Canada that it will deregulate LLRICE601 in the coming days and indicated that this information could be useful to Canada as it moves ahead with its next level of evaluations. The United States informed Canada that its industry is concerned about additional costs should Canada require a lower detection level. The United States hopes that 0.5 will remain the testing limit and thanked CFIA for its cooperation on this issue.

h) Update on U.S. fresh spinach recalls, and Canadian import protocol for U.S. spinach

Canada said that on September 25, CFIA banned imports of U.S. spinach following the E. coli O157:H7 outbreak in the United States. On October 30, after a series of bilateral meetings and visits to the affected areas, CFIA resumed imports of U.S. spinach and agreed to a U.S. industry self-certification scheme that allows imports from 49 states through the end of the shipping season. For shipments originating from California, shippers are required to include a statement indicating that the spinach did not originate from the two affected counties (San Benito and Monterey). According to Canada, no glitches have been reported since trade was resumed. The United States thanked Canada for its cooperation on this issue and said it is a success story of how both countries can work together on food safety and trade. The United States informed participants that the Food and Drug Administration (FDA) will have an international conference in 2007 and is working on regulatory policy for the safety of the agricultural food supply. In response to a question from Canada, FDA answered that upon completion, the investigative report on the spinach contamination will be published and made available to stakeholders. Both countries agreed to take this issue off the CCA agenda once it is fully resolved.

4. Processed Food Product Issues

a) Sugar Beet Thick Juice

The United States thanked Canada for comments submitted on this issue and indicated that all comments on the Advanced Notice of Proposed Rule Making (ANPRM) are available on the website of the Farm Service Agency. The United States indicated there is no mandated timeframe to determine whether a proposed rule will be developed, and that if FSA decides to maintain the current status, no public notice will follow. If the FSA considers a change, a proposed rule will be published. Canada said that it hopes this issue does not move forward. The United States said it will update Canada on any further developments.

b) Bilateral update on nutritional labeling

Canada reported that its mandatory nutritional labeling rules became effective in December 2005 and that as a result, all imports have to comply with the regulations. Small businesses (under \$1-million in sales before 2003), have an additional two years to comply. Canada has implemented an educational approach to enforcement and will move towards stronger compliance action in December 2006. Canada pointed out that the two countries have different labeling panels and that in addition to the National Institute of Health's study which was contracted by both countries, Health Canada bases its requirements on more recent information on daily values. The United States was encouraged that discussions on nutritional labeling are currently being held under the NAFTA Technical Working Group on labeling. Canada noted that the United States requirements are based on DRV's set in the 1970's, while Canada's requirements are based on more current science.

c) Bilateral updates on allergen labeling regulations

Canada said its labeling regulations are moving slower than anticipated and that it is hopeful the proposed regulations will be published by late spring 2007. Once that happens, Canada will develop an implementation plan to minimize regulatory differences between the two countries. The United States noted that its regulations, which were implemented in 2006, are working well and that a series of outreach activities are on-going to inform/involve stakeholders.

d) Bilateral update on food fortification policies, considering Institute of Medicine (IOM) recommendations

Canada stated that it is working on a timeline to have all regulatory requirements completed by spring 2007. This will be followed by publication in *Canada Gazette Part I* for comment, depending on the approval process. In response to a U.S. question as to whether implementation of Canada's food fortification policy would increase consumption of U.S. fortified cereals, Canada responded that its regulations would be more compatible with U.S. regulations.

e) Canadian highlighted ingredients policies

Canada said it is following a staged approach to implementing these policies and that based on feedback, it will proceed with existing regulations and enforce truth in labeling regulations. In choosing sectors to focus on, Canada will highlight ingredients for actual representation, not percentage representation, though this may be difficult for industry. Canada said it is working with industry to make sure labels are truthful and are not misleading and hoped that implementation of the highlighted ingredient policy will enable consumers to make informed decisions. Canada noted that guidance will be available on CFIA's website in the future.

f) Container sizes for processed infant food in Canada

Canada reported that a revised version of the container size regulations will be posted on CFIA's website for public comments and that the revised regulations have been sent to the Department of Justice for review. Previously anticipated in the fall of 2006, the amendments will be at a later date, yet to be determined. According to Canada, the long-standing container size regulations help consumers compare brands easily and for infant food in particular, the regulations require appropriate amounts to prevent waste. Canada is trying to be more flexible in considering concerns from the United States and other stakeholders.

g) Canadian organic regulation

Canada's Organic Production System regulations were published in *Canada Gazette* Part 1 in September 2006 and the comment period ended on November 16. The regulations, with a 3-year consultation period, were created to ensure international market access as well as to provide consumer protection against deceptive and misleading labelling practices. Only products that meet Canadian requirements will be allowed entry into Canada. The United States thanked Canada for the opportunity to comment on its regulations and stated that there appear to be several minor differences between U.S. and Canadian regulations, in addition to a few larger issues, which include use of the Canadian organic logo and a prohibition on the use of Chilean nitrate. The United States said Canada is its number one market for organic products and re-exports and requested that both countries should work on equivalency and or harmonization efforts, since they already have a reciprocity agreement. Canada expressed interest in the U.S. request and promised to provide contact information for follow up. In response to a U.S. question as to whether Canada has an equivalency agreement with other countries, Canada responded in the negative, noting that like the United States, it hopes to discuss equivalency with the European Union.

5. Other bilateral/plurilateral issues

a) U.S. border inspection fees

Canada noted its dissatisfaction with the U.S. border inspection regulation that removed the exemption that Canada was originally given when the fees were implemented for other countries. Canada's exporters are concerned the fee will result in higher shipment costs and longer wait times for customers. Canada said it had provided comments on the regulation and was disappointed that the rule was not withdrawn. Canada appreciated the opportunity to discuss alternative approaches to mitigate disruptions in trade, noting that a significant portion of the US\$489 billion of goods that cross the U.S.-Canada border annually will be adversely affected by the regulation. The United States recognized the special trading relationship between the two countries and said the regulations would address the new trade profile caused by

bioterrorism and higher inspection costs due to increased interceptions of pests in tropical and other plant products at the Canadian border.

The United States noted that earlier that day, APHIS announced a delay of the effective date for the regulation. The fees on air passengers arriving in the United States from Canada will be effective Jan. 1, 2007 and the remaining provisions of the rule will take effect on March 1, 2007, including the removal of the user fee exemption for all commercial conveyances entering the United States from Canada. This delay would allow affected industries time to prepare for the change.

b) North American Biotech Initiative (NABI)

The United States reported on the 8th session of NABI which was held in Mexico. Topics of importance to both countries, including the Cartagena Protocol on Biosafety, low level presence of biotech products in commodity shipments, and socio-economic issues as they relate to biotechnology, were discussed. Both countries noted that NABI represents a useful forum for information exchange and stressed the need to continue consultations on biotech issues, including potential concern over the interpretation of Article 18.2 of the Cartagena Protocol on Biosafety. The United States appreciated Canada's cooperation on capacity building activities with Mexico and said both countries should work with Mexico to implement the protocol on documentation. Canada reiterated the importance of the NABI and its relationship with the Inter-American Institute for Cooperation on Agriculture (IICA) and said that NABI could be used to encourage and strengthen North/South dialogue on agricultural biotechnology. The United States suggested the expansion of NABI capacity building efforts to include FDA food safety officials.

c) Security and Prosperity Partnership/Food and Agriculture Working Group status report

Canada informed participants that the three countries' SPP Ministers released a progress report. A trilateral Ministers' meeting is expected for January 2007 and will be followed by a Leaders' meeting in June. The United States informed Canada that members of the North American Competitiveness Council (NACC) are developing recommendations that will involve the private sector in the Security and Prosperity Partnership process and requested an update on Canada's NACC activities. Canada responded that it is working with its NACC group and that it remains to be seen how the Council's proposals on trade in agricultural food will be implemented.

d) Security and Prosperity Partnership/Food and Agriculture Working Group/Food and Agriculture Regulatory Systems/Good Agricultural Practices Working Group report

The United States said that with its September trilateral meeting, the Security and Prosperity Partnership/Food and Agriculture Working Group/Food and Agriculture Regulatory Systems/Good Agricultural Practices Working Group successfully

completed its SPP initiative in identifying similarities and differences in the three countries' Good Agricultural Practices (GAPs). Canada is currently writing a report on the September meeting. The next step will be the identification of the scientific basis for the differences in the countries' GAPs.

e) Security and Prosperity Partnership/Cooperation on Avian and Pandemic Influenza

Leaders from the NAFTA countries agreed to develop a trilateral approach as well as a coordinating body on Pandemic and Avian influenza (AI). As a first step, the three countries are working together on a draft response plan by December 2006 and a full document is planned to be available early 2007. Canada is drafting the sections on avian influenza and emergency coordination, while Mexico is drafting the chapter on pandemic influenza and the United States is drafting chapters on borders and transportation and critical infrastructure. The United States said it hopes the two countries' agreement on AI would be included in the trilateral approach, and requested that Canada shares its draft as soon as it is ready for review. According to Canada, while the trilateral approach will cover AI and Pandemic Influenza, it is important to discuss how borders and transportation will be handled in the event of an outbreak. The United States said the next trilateral conference call for the SPP Coordinating Body is scheduled for November 29. Both countries agreed to coordinate their activities with Mexico.

f) U.S. Country of Origin Labelling (COOL)

The United States informed Canada that its mandatory COOL for wild and farm-raised fish and shellfish became effective on April 4, 2005. However, implementation of mandatory COOL for the remaining covered commodities, including meat and meat products, has been delayed until September 30, 2008. The United States said it is working with State Departments of Agriculture to focus on appropriate labelling requirements and that there is a program in place that monitors fish labelling. Canada reiterated its opposition, as stated in submitted comments, to mandatory COOL and wanted to know if changes in U.S. Congress, as a result of the November elections, will impact mandatory COOL. Canada also requested an update on Montana's COOL requirements. In response, the United States said it recognized that mandatory COOL is of great interest to its trading partners and promised to provide a progress report on Montana's COOL.

g) Update on Canada's Next Generation of Agricultural and Agri-food Policy

In response to a U.S. request for an update on this issue, Canada responded that its Next Generation of Agricultural and Agri-food Policy will replace the current Agricultural Policy Framework (APF), which will expire in 2008 and that Canada has developed a consultation document and undertaken an economic assessment on this issue. From December through April 2007, Canada will enter into nation-wide consultations with the provinces, which will be followed by formal negotiations on

the Agricultural and Agri-food Policy. Canada noted that income stabilization will be part of its new framework and that overall funding levels will be known after negotiations with provinces.

h) Update on U.S. 2007 Farm Bill

The United States informed Canada that the 2002 Farm Bill will expire in 2007. Key issues affecting the 2007 Farm Bill include the political landscape, equity and market issues, commodity and non-commodity interests, as well as international trade commitments and trade disputes. USDA has written 5 theme papers that explore these issues, which are available on USDA's website. The Administration expects to put forth specific proposals in early 2007 and the Congress will draft new legislation after the budget submission in spring 2007. The United States distributed handouts on the Farm Bill.

i) NAFTA/Trilateral Committees

Canada provided an update on the last NAFTA Deputies meeting, which was held in May 2006 in Ottawa and said that Canada looks forward to attending the next meeting. Canada also said the three NAFTA SPS leads are currently discussing a request to re-establish the NAFTA SPS Technical Working Group on dairy, fruits and vegetables to work on Good Agricultural Practices, an initiative under the SPP/Food and Agricultural Regulatory Systems. The United States informed participants that it will host the next NAFTA SPS Committee meeting in the spring of 2007 and looks forward to receiving agenda items from Canada and Mexico. The United States requested that the active Technical Working Groups should report on their work at the spring meeting and said all three countries should discuss the need for annual meetings. The two countries also discussed their respective bilateral Consultative Committee on Agriculture arrangements with other countries, including Mexico and Brazil.

j) EU Issues

i) WTO case regarding the European Union's biotechnology moratorium:

The United States reported that the WTO panel ruling on the case against the EU's moratorium on approvals of biotechnology products has been publicly released. The EU has until November 21, 2006, to appeal the ruling. The U.S., Canada and Argentina have asked the Dispute Settlement Body (DSB) to formally adopt the report at its next meeting, which is scheduled for November 21, 2006. If the EU does not appeal the panel's findings, the report will be formally adopted on that date. The EU continues to claim that the moratorium is over. However, all three complainants agree that the moratorium remains in place many products have been in the pipeline for several years without being approved or denied approval. The U.S. also noted that all approvals that the EU has granted to date have been for imports only,

none have been granted for cultivation. Canada said it has encountered similar approval problems. National bans on biotech products remain a key concern for both countries as well.

ii) EU's new rules on traceability and labeling of GMOs (EC Regulation 1830/2003):

The United States indicated that the impact of EU's implementation of its traceability and labeling regulations on U.S. exports has been of great concern to U.S. industry for many years. U.S. industry is particularly concerned that processed products sold in Europe are being reformulated so that GM ingredients are not used and the product need not be labeled. Canada said the U.S. industry has engaged the Canadian Government on this issue as well, however the Canadian industry has not specifically voiced concerns. Both sides agreed to continue exchanging information on this issue.

iii) EU's hormones ban

The United States discussed its interest in negotiating an agreement with the EU that would increase access for U.S. Hormone-free beef into the European market. Canada noted that it was also seeking a similar agreement.

k) Fruit and vegetable industry financial trust protection in Canada

The United States reiterated its concerns about the lack of statutory trust provisions in Canada to protect U.S. fruit and vegetable exporters when Canadian importers default on payments. In response, Canada said that the establishment of a system similar to the U.S. Perishable Agricultural Commodities Act (PACA) will require substantial federal and provincial resources. According to Canada, by June 2007, provincial groups will report to the federal government on alternative solutions to U.S. concerns. The U.S. mentioned that there had been several recent cases of a Montreal buyer reneging on its contract payments and this again highlighted the need for Canada to have PACA-like provisions, given the fact that there was no legal recourse for a U.S. supplier if the Canadian buyer defaulted on its payments and was neither a CFIA licensee nor a DRC member. Canada requested information on PACA and cautioned U.S. exporters to be careful when dealing with importers that are not registered with the CFIA or a DRC member.

l) Access for U.S. mozzarella cheese sticks

The United States noted its interest in resuming bilateral trade in cheese sticks as soon as possible. The United States indicated its willingness to take the necessary steps to re-classify cheese sticks under a new tariff line and requested Canada to remove its retaliatory tariff to allow the flow of bilateral trade. Canada responded that it was also prepared to discuss this issue further.

6) CCA wrap-up

The United States thanked participants for the good rapport developed between the two countries over the past years and said it is good to see a forward movement on several of the agenda items. Canada remarked on the constructive dialogue between the two countries. Both countries said they look forward to attending the next meeting, which will be hosted by Canada in the spring of 2007.

Annex 1

Canadian Delegation List

Agriculture and Agri-Food Canada

Blair Coomber - Co-Chair
Director General, International Trade Policy Directorate

Steve Lavergne
Acting Director, Western Hemisphere Trade Policy

Denise Climenhage
Deputy Director, Western Hemisphere Trade Policy

Radha Subramani
Trade Policy Analyst, Western Hemisphere Trade Policy

Foreign Affairs and International Trade Canada

Paul Robertson – Co-Chair
Director General, North America Trade Policy

Kirsten Hillman
Director, Technical Barriers and Regulations

Geoff Adams*
Deputy Director, Technical Barriers and Regulations

Brendan Sutton
Trade Policy Officer, Technical Barriers and Regulations

Canadian Food Inspection Agency

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Acting Director, Bilateral Affairs

Carla Barry*
National Manager, Fair Labelling Practices Program, Bureau of Food Safety and
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Officer, Organic Section

Helen Zohar-Picciano*
Chief, Fresh Produce Inspection, Fresh Products Section

Jacquelin Côté*
Chief, Safety Inspection, Processed Products Section

Michael Scheffel*
Chief, Seed Standards, Seed Section

Nathalie Bruneau*
Commodity Officer, Potato Section

Andrew Dawson*
Senior Commodity Officer, Grains and Field Crops Section

Ian Affleck
Plant Biosafety Officer, Seed Section

Krista Thomas*
Acting National Manager, International and Import Protocols, Plant Biosafety Office

Glyn Chancey*
Director, Plant Production Division

René Cardinal*
Acting National Manager, Fresh Products Section

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Veterinarian, Imports/Exports, Animal Health

Dr. Bill Anderson*
Director, Food of Animal Origin Division

Dr. Maria Koller-Jones*
Senior Staff Veterinarian, Disease Control, Animal Health

Michel Saumur*
Chief, Imports, Food of Plant Origin Division

Ray Rush*
Special Advisor, International Affairs

Health Canada

Kathy Dobbin*
Director, Strategic Planning and Stakeholder Relations

Lars Juergensen*
Project Manager, International Affairs

Janice Hopkins*
Special Advisor, Executive Director's Office

Dennis Lein*
Senior Advisor, Food Regulatory Programs and Access to Information

Canadian Embassy in Washington

Susan Harper
Minister-Counsellor (Economic and Trade Policy), Canadian Embassy in Washington

Ron Krystynak
Agriculture Counsellor, Canadian Embassy in Washington

Fred Gorrell
Agriculture Counsellor, Canadian Embassy in Washington

U.S. Delegation List

**U.S. Department of Agriculture
Foreign Agricultural Service (FAS)**

Michael W. Yost
Administrator
Office of the Administrator

Charles Alexander – Co-Chair
Deputy Administrator
Office of Country and Regional Affairs (OCRA)

Patricia Sheikh
Deputy Administrator
Office of Capacity Building and Development

Jocelyn Brown

Assistant Deputy Administrator
OCRA

Merritt Chesley
Division Director, Western Hemisphere
OCRA

Bruce Zanin
Deputy Director, Western Hemisphere
OCRA

Brian Grunenfelder
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Office of Negotiations and Agreements (ONA)/Regional and Bilateral Negotiations and
Agreements Division

Charles Bertsch
Division Director
ONA/Multilateral Negotiations and Agreements Division

Michelle Moore
International Economist
ONA/Multilateral Negotiations and Agreements Division

Carol Goodloe
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Office of the Chief Economist

Beverly Simmons
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Office of Scientific and Technical Affairs (OSTA)

Kelly Strzelecki
Agricultural Marketing Specialist
OSTA

Clay Hamilton
Branch Chief, Animal Branch
OSTA

Ronald Lord
Branch Chief, Office of Trade Programs
Sugar and Dairy Branch

Pauline Simmons
International Economist, Canada Desk
International Trade Policy
Asia & the Americas Division

Animal & Plant Health Inspection Service (APHIS)

Catherine S. Fulton
Trade Director
International Services & Trade

**Office of the U.S. Trade Representative
Agricultural Affairs**

James M. Murphy – Co-Chair
Assistant U.S. Trade Representative

Darci Vetter
Director for North American Affairs

Mary Sullivan
Director, Canada Affairs

U.S. Food and Drug Administration

Robin Woo,
Senior Policy Analyst Technical Assistance, International Affairs Staff, Center for Food Safety
and Applied Nutrition

Annex 2: Agenda

9:00 – 9:10 am

1. CCA business

- a) Introductions
- b) Opening remarks and new FAS organizational structure
- c) Provinces - States Advisory Group's (PSAG) issues review

9:10 – 10:30 am

2. Livestock/meat issues

- a) Canada's proposed ban on the use of carbadox in swine production
- b) Listeria testing in the United States and Canada
- c) BSE
 - i. Canadian access to the United States (U.S. rule-making process)
 - ii. Canadian access to Mexico
 - iii. Regulatory update on Canada and U.S. feed bans

- iv. Third country market access
 - v. Bilateral update on removal of specified risk material (SRM), including small intestine regulations
- d) Bilateral update on collaboration on livestock health issues, (swine pseudorabies and brucellosis and bluetongue restrictions for feeder/breeder sheep and goats)
 - e) Access for U.S. cattle into Western Canada (bluetongue and anaplasmosis restrictions)
 - f) Proposed U.S. bovine tuberculosis (TB) rule

10:30-11:00 Break

3. Plant Issues

- a) Canadian ministerial exemptions/bulk produce restrictions
- b) Update on potato cyst and golden cyst nematode in the United States and Canada
- c) Seed tag/wheat/barley exports to Canada, update on pilot project
- d) Seed certification grader accreditation
- e) Bilateral update on harmonization of pesticides
- f) Proposed changes to Canada's maximum residue limits (MRLs)
- g) Update on release of biotech rice in the United States and Canadian testing regime for imports of U.S. long grain rice
- h) Update on U.S. fresh spinach recalls, and Canadian import protocol for U.S. spinach

12:30 – 1:30 Lunch (provided, The Lincoln Room, Secretary's Dining Room)

2:00 – 3:00

4. Processed Food Product Issues

- a) Sugar Beet Thick Juice
- b) Bilateral update on nutritional labeling
- c) Bilateral updates on allergen labeling regulations

- d) Bilateral update on food fortification policies, considering IOM recommendations
- e) Canadian highlighted ingredients policies
- f) Container sizes for processed infant food in Canada
- g) Update on Canadian and U.S. organic regulations

3:00 – 4:00

5. Other bilateral/plurilateral issues

- a) U.S. border inspection fees
- b) North American Biotech Initiative (NABI)
- c) Security and Prosperity Partnership/Food and Agriculture Working Group status report
- d) Security and Prosperity Partnership/Food and Agriculture Working group/Food and Agriculture Regulatory Systems/Good Agricultural Practices Working Group report
- e) Security and Prosperity Partnership/Cooperation on Avian and Pandemic influenza
- f) U.S. Country of Origin Labelling (COOL)
- g) Update on Canada's Next Generation of Agricultural and Agri-food Policy
- h) Update on U.S. 2007 Farm Bill
- i) NAFTA/Trilateral Committees - info Items
 - i) NAFTA implementation
 - ii) NAFTA SPS Committee Meeting
 - iii) Canada/Mexico and U.S./Mexico CCAs
- j) EU issues
 - i) WTO case regarding the European Union's biotechnology moratorium
 - ii) EU's new rules on traceability and labelling of GMOs (EC Regulation 1831/2003)
 - iii) EU's hormones ban
- k) Fruit and vegetable industry financial trust protection in Canada

1) Access for U.S. mozzarella cheese sticks

4:00 – 4:30

6. CCA wrap-up